

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 518

(Senator Rosapepe)

Education, Health, and Environmental Affairs

Rules and Executive Nominations

**Prince George's County - Alcoholic Beverages - Family Entertainment Permit
and Class BLX License for Movie Theaters**

This bill authorizes the Prince George's County Board of License Commissioners to issue a Class BLX beer, wine, and liquor movie theater license for use in a movie theater and establishes a family entertainment permit for Class B restaurant (on-sale) license holders that provide family entertainment. The annual fee for the family entertainment permit is \$250. The bill imposes additional application requirements for both the Class BLX license and the family entertainment permit. **The bill takes effect July 1, 2018.**

Fiscal Summary

State Effect: None.

Local Effect: Prince George's County revenues increase by at least \$9,150 in FY 2019 and by \$7,750 annually beginning in FY 2020 from application and renewal fees for the BLX license. Additionally, revenues increase minimally to the extent that the board issues the family entertainment permit to eligible license holders. Prince George's County can handle any enforcement activity with existing resources.

Small Business Effect: Minimal.

Analysis

Current Law / Bill Summary:

Class BLX License

Under existing law, the board is authorized to issue a Class BLX license for use in a luxury restaurant that has (1) a minimum capital investment of \$1 million for a dining room facility and kitchen equipment, not including the cost of land, building, or lease and (2) seating for at least 100 individuals. The license authorizes the sale of beer, wine, and liquor for on-premises consumption from 6:00 a.m. to 2:00 a.m. the following day. A license holder may not sell alcoholic beverages for on-premises consumption from 2:00 a.m. to 6:00 a.m., unless it holds a specified entertainment license, or at a bar or counter on Sunday from 6:00 a.m. to 2:00 a.m. the following day, unless the Sunday is December 24 or December 31. Except under specified circumstances, a license holder may not hold more than 10 Class BLX licenses. The annual license fee is \$3,875.

Under the bill, the board may issue a Class BLX beer, wine, and liquor movie theater license for use in a movie theater with average daily receipts from the sale of food, excluding candy and popcorn that exceed the average daily receipts from the sale of alcoholic beverages. The bill specifies that the hours of sale for a Class BLX movie theater license are different from those of a Class BLX luxury-type restaurant license and requires a \$2 million minimum renovation or remodeling investment. The Class BLX movie theater license authorizes the sale of beer, wine, and liquor for on-premises consumption from noon to 12:30 a.m. the following day, and a license holder may only serve customers who have proof of admission to the theater.

Entertainment Permit and Family Entertainment Permit

Under existing law, the board is authorized to issue a special entertainment permit to the holder of any Class B (on-sale) license. The board must determine the number of days in a week that the permit holder may exercise the privileges of the permit. The permit authorizes a holder, after 9 p.m. and until 2 a.m., to impose a cover charge, offer facilities for patron dancing, and provide entertainment. The annual permit fee is \$1,500, which is in addition to the annual fee for the Class B license.

Chapter 613 of 2011 authorized the board to grant an exemption from the entertainment permit requirement to specified alcoholic beverages license holders, including license holders whose principle business is to provide family entertainment. The bill repeals the exemption for specified businesses that provide family entertainment and establishes a separate family entertainment permit. The family entertainment permit authorizes the holder to impose a cover charge and provide entertainment during the hours and days of

the week determined by the board. The board must adopt regulations to implement the bill's requirements. Applicants for the permit must meet the following requirements:

- the room in which the entertainment is to be performed must have a maximum seating capacity of 110;
- the establishment must allow underage persons to view the entertainment and will not offer "adults only" entertainment;
- the average daily receipts from the sale of food must be at least 60% of the total daily receipts from the sale of food and drink in the establishment;
- the establishment must offer the same menu, including appetizers, main course, and dessert, throughout the establishment and during the time when the entertainment is performed;
- the prices for food and drink in the room where the entertainment is to be performed will not vary from the prices for food and drink offered elsewhere in the establishment; and
- the entertainment offered must end no later than midnight.

The family entertainment permit holder must comply with all requirements under existing law, including laws pertaining to zoning, use, occupancy, restrictions on entertainment, and other specified permit requirements. Existing provisions related to license suspension and revocation and temporary restraining orders pertaining to an entertainment permit in Prince George's County also apply.

Local Fiscal Effect: Prince George's County advises that the bill's Class BLX license provisions apply to at least two establishments. Accordingly, anticipated licensing fee revenues under the bill will total \$9,150 in fiscal 2019 and \$7,750 annually thereafter. This estimate is based on a one-time \$700 application fee and an annual \$3,875 licensing fee. In addition, there are 45 establishments that provide seating for no more than 110 that may be eligible to apply for the family entertainment permit. Permit revenues increase minimally to the extent that the board issues the permit to eligible license holders.

Additional Information

Prior Introductions: None.

Cross File: Although HB 206 (Prince George's County Delegation - Economic Matters) is designated as a cross file, it is not identical.

Information Source(s): Prince George's County; Department of Legislative Services

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